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Report Highlights:

Agriculture Ministry against extending WTO peace clause, *Metro opens a store in Bangalore*, *Health Ministry queried on draft norms for pesticide residues*, *Appeal against 'clearance' to hybrid seeds dismissed*, *Look to California for almonds*, *"War Room" in want of action*, *India likely to have FTA with African countries*, *The Regulator's agenda: Benefit from global genetically modified "best practices"*.

Includes PSD Changes: No

Includes Trade Matrix: No

Unscheduled Report

New Delhi [IN1]

[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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AGRICULTURE MINISTRY AGAINST EXTENDING WTO PEACE CLAUSE

The Agriculture Ministry has expressed its opposition to an extension of the 'peace clause'. In a note sent to the Commerce Ministry, the Ag Ministry advised that the government should remain firm in its stance and convince other members of the G-21 bloc not to agree to any "maneuvers by the EU-US combine to extend the implementation of the peace clause." The Ag Ministry believes that expiry of the peace clause is likely to benefit developing nations, as they can take measures to protect their farm sectors from any possible surges in imports. (Source: Financial Express, 10/22/03)

METRO OPENS A STORE IN BANGALORE

The European retail chain Metro opened an outlet in Bangalore on October 20, 2003. With a total floor area of 125,000 square feet, the Metro outlet is the largest retailing store in India. The entry of Metro is an important step in the modernization of the Indian retail sector. Metro has separate sections with modern retailing equipment for fresh produce, meat and marine products, dry fruits and nuts, wine and alcoholic beverages, etc. Metro plans to open their second store in Bangalore by the end of November 2003. Based on experiences they gain from these two outlets, Metro plans to open six new outlets in India every year from the year 2005 onwards. Metro has an ambitious target of having at least one store in every Indian city having a population of more than 1 million. There are around 30 cities in India which have a population over 1 million. (Source: Post Visit of 10/17/03 to Metro)

HEALTH MINISTRY QUERIED ON DRAFT NORMS FOR PESTICIDE RESIDUES

The Joint Parliamentary Committee (JPC), outlining the norms for all water-based beverages questioned the Union Health Ministry on why it issued a draft notification outlining the pesticide residue norms even as such an exercise was being undertaken by the JPC itself. The ministry was also asked to provide feedback on Codex and USFDA norms on food safety and quality. Official sources told the media that the JPC query on international norms is significant, as the proposed residue levels are the same as the EU standards.

The health ministry issued a notification outlining the standards for water-based beverages on August 26, 2003, the deadline for public comments was extended to December 31, 2003. (Source: Business Line 10/10/03)

Post Comment: See GAIN report IN3085.

APPEAL AGAINST 'CLEARANCE' TO HYBRID SEEDS DISMISSED

A petition filed by a Delhi-based Non Governmental Organization called Research Foundation for Science, Technology, and Ecology (RFSTE), against the approval granted to the sale of hybrid Bt cotton seeds was dismissed. Dismissing the petition, the National Environment Appellate Authority (NEAA) said that it is satisfied with the existing safety guidelines,

procedures, and monitoring mechanisms to ensure adequate compliance with the conditions of approval. The authority said that RFSTE had not been able to prove that the tests were carried out in violation of guidelines. NEAA observed that the Genetic Engineering Approval Committee has not ignored the precautionary principle in their approval, which was granted after a scientific evaluation, and that their decision to approve Bt cotton for commercial cultivation was not an outcome of the commercial pressures to promote Bt cotton. (Source: The Hindu 10/18/03)

Post Comment: Post contacts mentioned that the above-mentioned NGO had also filed a Public Interest Litigation (PIL) against the commercial release of Bt cotton in the Supreme Court of India. Though the court dismissed this PIL later, they are continuing to file affidavits supporting their case against the commercial release of the variety.

LOOK TO CALIFORNIA FOR ALMONDS

In an effort to promote the consumption of almonds in India, the Almond Board of California (ABC) has constituted Indian Almond Advisory Board (IAAB). The high powered IAAB includes eminent Indian cardiologists, educators, and nutritionists. The ABC and IAAB campaign will stress the importance of almonds in balanced dietary patterns and healthy snacking habits. The ABC hopes there will be the positive side effects of boosting the market for almonds. Exports of US almonds to India have been rising at almost 10 percent annually, and local sources estimate that market could double in five years. In 2002, such exports were \$69 million. (Source: The Times of India 10/21/03)

"WAR ROOM" IN WANT OF ACTION

With imports of the 300 "sensitive" items not growing as steeply as initially feared, the 'war room' created by the Ministry of Commerce to monitor imports of these items has become virtually defunct. The sensitive product list includes various agricultural products such as grains, fruits and vegetables, plantation crops, and alcoholic beverages. The 'war room' group, headed by the Commerce Secretary, has not met for the past eight months. (Source: Financial Express, 10/21/03)

INDIA LIKELY TO HAVE FTA WITH AFRICAN COUNTRIES

India plans a Free Trade Agreement with the South African Customs Union, comprising South Africa, Botswana, Lesotho, Namibia, and Swaziland. "The South Africa has already had preliminary talks on the issue. Within a couple of months, India and the SA Custom Union will start formal discussions on the Agreement," Alec Erwin, South Africa's Trade and Industry Minister told Indian industrialists and businessmen. Erwin is part of a large South African delegation led by the President Thabo Mbeki visiting India. (Source: Economic Times, 10/19/03).

THE REGULATOR'S AGENDA: BENEFIT FROM GLOBAL GENETICALLY MODIFIED "BEST PRACTICES"

Taking note of the recent deliberations between scientists and regulators of bioengineered crops about the need for a robust regulatory mechanism, an editorial indicated that there was a general consensus among the participants to draw lessons from global experiences. Taking the example of the long-running saga of unapproved Bt cotton seeds flooding the Indian market, the editorial suggests that the regulators should follow the major hallmarks of progressive societies such as upholding Intellectual Property Rights and science-based, transparent regulation. The editorial proposes that, by following the US model of GM farming, the problem should be solved by either approving the gene instead of the hybrid

itself, or by asking local bodies to maintain a strict vigil on unapproved bioengineered crops. The editorial advises that the Indian regulators should seek to learn from China's "bullishness" in bioengineered crops, given that both the countries started their biotech programs around the same time. (Source: Financial Express 10/22/03)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN3100	Weekly Highlights & Hot Bites, # 42	10/16/03
IN3101	Dairy Annual	10/20/03
IN3102	FAIRS Product Specific – Amendment to PFA Rule relating to waxing of fresh fruits	10/21/03
IN3103	GOI notifies changes in edible oil tariff values	10/21/03

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